



# SHANNON & LEE LLP

700 Milam, Suite 1300  
Houston, Texas 77002  
United States

## INVOICE

Invoice # 10  
Date: 07/05/2022  
Due On: 08/04/2022

Free Speech Systems, LLC

### 00008-Free Speech Systems, LLC Financial Restructuring

#### Services

Date	Attorney	Description	Hours	Rate	Total
06/01/2022	KSL	Continue to gather agreements, data from state court receiver discovery and share new discovery on financial data with counsel and CRO that affects restructuring strategy (.5)	0.50	\$850.00	\$425.00
06/02/2022	KSL	Handle issues relating to FSS bankruptcy preparation and follow-up with calls and Zoom meetings with co-counsel to discuss how to approach FSS and key issues relating to same (1); continue to scour State Court discovery and pull key discovery that could affect bankruptcy case (1.)	2.00	\$850.00	\$1,700.00
06/03/2022	KSL	Review issues relating to [REDACTED] Agreement, and other arrangements relating to transactions between PQPR and FSS and analyze same; extended t/c with S. Lemmon to understand position of David Jones and Anthony on issues from PQPR and [REDACTED]; further calls with Marc Schwartz to discuss schedule of preparation for filing; t/c with R. Battaglia to discuss same (2)	2.00	\$850.00	\$1,700.00
06/05/2022	RJS	Conference with K. Lee re PQPR re PQPR lien and note; draft memo re PQPR lien and note .	3.60	\$625.00	\$2,250.00
06/05/2022	KSL	Handle call with Marc Schwartz and RJ Shannon on results of analysis of [REDACTED] Agreement and impact of percentages in agreement on ability of FSS to make any income (1.0)	1.00	\$850.00	\$850.00
06/06/2022	RJS	Travel to and return from Austin re meeting about restructuring and goals (1/2 rate)	5.00	\$312.50	\$1,562.50
06/06/2022	RJS	Meeting in Austin re restructuring and potential bankruptcy among FSS professionals and conference with separate attorneys from Alex Jones and PQPR.	4.50	\$625.00	\$2,812.50

06/06/2022	KSL	Travel to and from Austin, Texas for FSS meetings (3)(6 hours billed at 1/2 travel time); meeting with counsel, CRO and SchwartzAssociates and B. Roe to discuss preparing for FSS bankruptcy case (5.0)(meeting joined by Shelby Jordan and Steve Lemmon at different portions of the meeting)	8.00	\$850.00	\$6,800.00
06/07/2022	KSL	Extended conference call to clarify position of FSS and its advisors relating to restructuring and its goals (1.0); further review of issues relating to projected timeline for filing, what has to be accomplished prior to that time and whether it is feasible to do so (1.0)	2.00	\$850.00	\$1,700.00
06/08/2022	KSL	O/c with Marc Schwartz to highlight new issues to handle relating to FSS preparation for bankruptcy (.5); analyze data from State Court discovery and handle new data and share with other parties, mark and note for inclusion into Marc Schwarz declaration (1.5)	2.00	\$0.00	\$0.00
06/09/2022	KSL	Continue to review State Court Discovery files to determine a) Cash movement from Security Bank accounts for Cash Management Motion, b) net worth discovery folder to determine whether financials produced contradict true condition of FSS as analyzed by Marc Schwartz, and c) review death penalty sanctions and why it occurred and what it means (3))	3.00	\$850.00	\$2,550.00
06/10/2022	RJS	Review NDA for Axos Bank and revise same for March Schwartz.	0.50	\$625.00	\$312.50
06/11/2022	RJS	Review various emails and docket entries re Conn. sanctions motion; gather various relevant documents relevant to the same; draft email to N. Pattis re same.	0.80	\$625.00	\$500.00
06/13/2022	RJS	Teleconference re various litigation and restructuring matters.	1.00	\$625.00	\$625.00
06/13/2022	KSL	Focus on assisting Marc Schwartz on assuring FSS does not suffer any additional penalties and sanctions in connection with corporate representative depositions in Connecticut by reviewing State Court discovery to analyze scope of corporate representative discovery, depositions taken to date, and handle any financial data discussed during such discovery as it relates to present efforts to analyze financial condition of FSS (4)	4.00	\$850.00	\$3,400.00
06/14/2022	RJS	Call re restructuring matters.	1.00	\$625.00	\$625.00
06/14/2022	KSL	Review Motion for Sanctions for Bad Faith Removal in preparation for responding to same or assisting Norm Pattis and Cameron Atkinson (1.5); lunch meeting with Marc Schwartz to discuss FSS issues and catch up on work to be done (1.5); extended call with team to review issues on project timeline and what work needs to be done (1.0); review notices of deposition for corporate representatives (.5); review motions for sanctions and response available to Connecticut and	5.00	\$850.00	\$4,250.00

Texas counsel (.5)					
06/15/2022	RJS	Email Marc re next steps in matter in response to email re information (.3); analyze corporate rep. deposition in Conn matter and email team re same (.2); analyze Texas sanctions motion re removal (.5); draft email re same to team (.3); gather relevant documents re same (2.0); draft detailed email re same to A. Reynal (.4).	3.70	\$625.00	\$2,312.50
06/15/2022	KSL	O/c with Marc Schwartz after the ROCC breakfast to discuss status of financial statement preparation for FSS (.5); analyze Norm Pattis emails on status of bankruptcy preparation and timing of when case will be ready for filing (.5); emails with RJ Shannon on new issues raised by FSS (.5); t/c with S. Lemmon, counsel for PQPR on restructuring issues (.5); analyze and handle conference calls among CRO, counsel and PQPR on various business and negotiating issues on transaction between the parties (1)	3.00	\$850.00	\$2,550.00
06/16/2022	KSL	Continue to gather factoids from State Court Discovery folders and depositions to incorporate into Marc Schwartz Declaration (1.0); analyze and restructure form of Schwartz Declaration (1.0)	2.00	\$850.00	\$1,700.00
06/17/2022	KSL	Continue review of State Court Discovery files to gather factoids for Schwartz Declaration and create inserts for various sections of Schwartz Declaration (2)	2.00	\$850.00	\$1,700.00
06/19/2022	RJS	Travel to Austin re meeting re restructuring (1/2 rate).	2.50	\$625.00	\$1,562.50
06/20/2022	KSL	Travel to and from Austin, Texas for meetings at FSS headquarters on Alvin Devane with counsel, B. Roe, Alex Jones, Shelby Jordan, Ray Battaglia and Marc Schwartz (3.0)(6.0 hours at 1/2 travel time per US Trustee Guidelines); attend meeting at FSS with counsel and business people to discuss status of FSS case preparation (4.0)	7.00	\$850.00	\$5,950.00
06/20/2022	RJS	Attend meeting in Austin, TX re restructuring.	4.00	\$625.00	\$2,500.00
06/21/2022	RJS	Gather documents needed for Axos bank; draft email to M. Schwartz, K. Lee, and R. Battaglia attaching same.	0.20	\$625.00	\$125.00
06/21/2022	KSL	Review outline of to dos to prepare for Chapter 11 filing for FSS (.5); analyze status of State Court Discovery files to determine additional documents and data to be used in Marc Schwartz Declaration (2.5); lunch meeting with Marc Schwartz and Jeff Shulse to determine status of financial information preparation for FSS Bankruptcy Filing (2.0)	5.00	\$850.00	\$4,250.00
06/22/2022	RJS	Attention to email from Texas SOS re certificate of fact; draft email re same to M. Schwartz; attention to email from R. Battaglia and M. Schwartz re meeting with PQPR; draft response re same suggesting Zoom meeting; draft email to A. Reynal re sanctions motion	0.40	\$625.00	\$250.00

hearing on 6/14/22.					
06/22/2022	RJS	Draft Declaration re sanctions motion re removal.	5.73	\$625.00	\$3,581.25
06/23/2022	RJS	Finalize Declaration re Texas sanctions motion and gather exhibits; draft email to A. Reynal and team re same.	1.91	\$625.00	\$1,193.75
06/23/2022	KSL	Review and edit Declaration of RJ Shannon in Response and in Support of Opposition to Bad Faith Removal Motions by Plaintiffs (1.0); review Exhibits 23, 24 and 25 of the Declaration and determine whether they support arguments made in the Declaration and response of Heslin Plaintiff to same (1.0); conference calls and review of exhibits on latest status of ability of Schwartz to generate accurate financial information for FSS to file chapter 11 and sustain company in Chapter 11 (1); review new issues raised by State Court actions and hearings on attorneys' fees in Texas State Court (1.0)	4.00	\$850.00	\$3,400.00
06/24/2022	RJS	Attend hearing on motion re amending sanctions order; organize notes re same.	1.04	\$625.00	\$650.00
06/24/2022	RJS	Attention to K. Lee email re FSS-PQPR memorandum; provide comments to same; draft email re same to K. Lee.	0.58	\$625.00	\$362.50
06/24/2022	KSL	Review and analyze MOU to determine whether arrangement works and is feasible; listen to response from S. Lemmon on MOU; discuss same with client and opposing counsel and determine approach that is equitable for both parties; review corporate deposition transcript of Zimmerman, Dew and several others on various topics to determine whether factoids available for Marc Schwartz Declaration; review David Jones deposition to do same (3)	3.00	\$850.00	\$2,550.00
06/25/2022	RJS	Attention to emails re Friday hearing; draft email to K. Lee, R. Battaglia, M. Schwartz re same.	0.48	\$625.00	\$300.00
06/27/2022	RJS	Obtain transcript of 6/10/22 hearing in IW bankruptcy case; draft email to team re same; attention to response from A. Reynal; initial call re modification of PQPR deal.	0.50	\$625.00	\$312.50
06/27/2022	RJS	Call with S. Lemmon, M. Schwartz, K. Lee, and R. Battaglia re amending PQPR relationship.	1.30	\$625.00	\$812.50
06/27/2022	KSL	Complete review of Exhibits 23, 24 and 25 to RJ Declaration to assure that "bad faith" arguments are addressed and supported by response filed (1.0); Handle fall out from issues relating to circulation of MOU by J. Shulse and why such proposal is opposed by S. Lemmon (1.0); Call with M. Schwartz to discuss issues relating to financial information for FSS (.5); edit and revise latest draft of M. Schwartz Declaration (1.0);	4.50	\$850.00	\$3,825.00

		Conference call with R. Battaglia and R. Shannon to discuss strategy on how to handle State Court cases (1.0)			
06/28/2022	RJS	Finalize declaration re Texas sanctions motion; send same to A. Reynal; review pleadings in Texas state court in advance of 3 pm call with S. Jordan, R. Battaglia, K. Lee, and A. Reynal.	2.84	\$625.00	\$1,775.00
06/28/2022	RJS	Prepare response re email re PQPR; prepare for and attend 3 pm meeting re litigation.	1.90	\$625.00	\$1,187.50
06/28/2022	RJS	Prepare WIP List for filing	3.17	\$625.00	\$1,981.25
06/28/2022	KSL	Write emails to M. Schwartz on financials and status of when they will be ready, negotiations on revised arrangements with PQPR and new agreements to be entered into among the parties (.5); extended conference call among Ray Battaglia and S. Lemmon to discuss latest developments on PQPR and SFF (.5); Call on FSS with team on MOU and action plan required on same (1.0); continue to review depositions of corporate representatives and Alex Jones to determine factoids critical to Marc Schwartz Declaration (1.0)	3.00	\$850.00	\$2,550.00
06/29/2022	RJS	Draft email re CODI tax implications to R. Battaglia, S. Jordan, and K. Lee; finish drafting WIP/Task List for bankruptcy filing; draft email to K. Lee and R. Battaglia re same;	2.20	\$625.00	\$1,375.00
06/29/2022	KSL	Outline topics on which data is required from SchwartzAssociates to complete (1.0); review status of Schwartz Declaration to determine new topics to include for finalization (1.0); Lunch with Marc Schwartz and RJ Shannon to review issues on FSS and how to break log jam in financial data requirements to make progress for filing chapter 11 (1.0); t/c with R. Battaglia and Steve Lemmon to discuss issues relating to new agreement between the parties (1.0); continue to edit and revise Schwartz Declaration (1.0)	5.00	\$850.00	\$4,250.00
06/30/2022	RJS	Zoom call with M. Schwartz and K. Lee re PQPR financials; attention to K. Lee email re same and S. Lemmon request to destroy same; research and draft detailed email re same; teleconference with M. Schwartz, C. Schwartz, K. Lee, R. Battaglia, and S. Jordan re same.	4.70	\$625.00	\$2,937.50
06/30/2022	RJS	Research SOL issues re malpractice claims; draft email to team re same.	0.40	\$625.00	\$250.00
06/30/2022	KSL	T/c with R. Battaglia on latest developments in case (.5); review financials provided by M. Schwartz (1.0); t/c with S. Lemmon on PQPR Financials (.4); review issues relating to return of financials (.6); review issues relating to 13 week cash flow forecasts for FSS (.5);	6.00	\$850.00	\$5,100.00

edit and revise M. Schwartz Declaration as it relates to history of FSS, years 2009-2014 and add in excerpts from deposition transcripts (2.0); conference call with client and legal team to discuss PQPR Financials (.5); review data on cash management system at FSS and locate pleadings relating to same (.5)

**Quantity Subtotal 127.95**

**Services Subtotal \$93,356.25**

## Expenses

Type	Date	Description	Quantity	Rate	Total
Expense	06/21/2022	Texas SOS Search and Filings: Texas SOS search and certificate of fact for Free Speech Systems, LLC	1.00	\$15.00	\$15.00
<b>Expenses Subtotal</b>					<b>\$15.00</b>

Time Keeper	Position	Hours	Rate	Total
Kyung Lee	Attorney	72.0	\$850.00	\$61,200.00
Kyung Lee	Attorney	2.0	\$0.00	\$0.00
R. J. Shannon	Attorney	48.95	\$625.00	\$30,593.75
R. J. Shannon	Attorney	5.0	\$312.50	\$1,562.50

**Quantity Total 127.95**

**Subtotal \$93,371.25**

**Invoice Discount 10.0% (-\$9,337.13)**

*Agreed 10% discount*

**Total \$84,034.12**

**Payment (07/28/2022) -\$84,034.12**

**Balance Owing \$0.00**

## Detailed Statement of Account

### Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
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10	08/04/2022	\$84,034.12	\$84,034.12	\$0.00
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**IOLTA Trust Account**

Date	Type	Description	Matter	Receipts	Payments	Balance
06/18/2022	Retainer	Retainer for representation	00008-Free Speech Systems, LLC		\$100,000.00	\$100,000.00
07/28/2022		Payment for invoice #12	00008-Free Speech Systems, LLC	\$99,177.32		\$822.68
07/29/2022	Retainer	Retainer in advance of bankruptcy filing.	00008-Free Speech Systems, LLC		\$50,000.00	\$50,822.68
<b>IOLTA Trust Account Balance</b>					<b>\$0.00</b>	

Please make all amounts payable to: Shannon & Lee LLP

Please pay within 30 days.